



Iowa Department of Human Services

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INFORMATIONAL LETTER NO.1815-MC-FFS

DATE: August 10, 2017

TO: Iowa Medicaid Community Mental Health Centers (CMHC)

APPLIES TO: Managed Care (MC) and Fee-for-Service (FFS)

FROM: Iowa Department of Human Services (DHS), Iowa Medicaid Enterprise (IME)

RE: Site of Service (SoS) Differential Clarification

EFFECTIVE: July 1, 2017

This letter supplements Informational Letter No. [1800-MC-FFS](#)¹ issued June 1, 2017, *but only for CMHC Providers*. See Pages 2 and 3 of this supplemental IL.

The state fiscal year (SFY) 2018/19 Human Services appropriations bill (House File 653), included a number of legislatively mandated cost-containment initiatives. One such initiative requires DHS to adjust the Iowa Medicaid reimbursement rates for physician services, by applying a SoS differential to reflect the difference between the cost of services when provided in a health care facility setting and the cost of services when provided in an office setting.

The changes will be effective for services on or after July 1, 2017, for Medicaid FFS and IA Health Link Managed Care Organization (MCO) claims.

SoS payment differentials will be applied to claims paid under both Medicaid FFS and IA Health Link, by the MCOs. The SoS differential will be applied to those Current Procedural Terminology (CPT)/Healthcare Common Procedure Coding System (HCPCS) codes that Medicare has determined to be eligible for SoS payment differentials under that program. The SoS differential payment percentages will be based on the same percentage that Medicare applies for each applicable CPT/HCPCS code. Iowa Medicaid will identify the SoS payment differential amounts with pricing factor code "X" shown on the [Fee Schedule](#)² on the DHS web page. The SoS differential will apply to the following Places of Service (POS), as are to be noted in Box 24b, of the CMS-1500 claim form:

- 02 – Telehealth
- 19 – Outpatient Hospital-Off campus
- 21 – Inpatient Hospital
- 22 – Outpatient Hospital-On campus
- 23 – Emergency Room-Hospital
- 24 – Ambulatory Surgical Center
- 26 – Military Treatment Center

¹ https://dhs.iowa.gov/sites/default/files/1800-MC-FFS_SiteofServiceDifferential.pdf

² <http://dhs.iowa.gov/ime/providers/csrf/fee-schedule>

- 31 – Skilled Nursing Facility (SNF)
- 34 – Hospice – for inpatient care
- 41 – Ambulance – Land
- 42 – Ambulance – Air or Water
- 51 – Inpatient Psychiatric Facility
- 52 – Psychiatric Facility – Partial Hospitalization
- 53 – Community Mental Health Center
- 56 – Psychiatric Residential Treatment Center
- 61 – Comprehensive Inpatient Rehabilitation Facility

All other current rules for pricing still apply, such as claims billed with modifiers that reduce payment.

Additional Information for Community Mental Health Centers (CMHCs):

POS 53 (CMHC)

CMHCs billing for services under the CMHC provider category will not have payments reduced for the SoS differential in cases where the service is provided at POS code 53 (CMHC). In these cases, under Medicaid, there is no separate facility bill to account for the overhead (i.e., labor, supplies, equipment, and other “facility” related costs). Therefore, no SoS differential would be applied, consistent with the intent of the policy.

- **Example 1:** Medicaid member “A” goes to the CMHC for services provided by a CMHC-employed physician or a contracted physician. The CMHC would bill the service using POS code 53 (community mental health center); therefore, SoS differential would not apply to eligible procedure codes.
- **Example 2:** Medicaid member “B” is admitted to a hospital for an inpatient stay. The member receives professional services from a CMHC-employed physician or contracted physician. The CMHC would bill the service using POS code 21 (inpatient hospital); therefore, SoS differential would apply to eligible procedure codes since the hospital would be reimbursed for the facility fees when the claim is submitted.

POS 02 (Telehealth)

POS code 02 is defined as, “the location where health services and health related services are provided or received, through a telecommunication system”. POS code 02 is used to report that a billed service was furnished as a telehealth service from a distant site. The only portion that is considered telehealth services is when the patient was present and interacting with the distant site physician or practitioner.

An originating site is the location of a Medicaid member at the time the telehealth service is furnished. **CMHCs can be an originating site.** Other originating sites can include: physician offices, hospitals, and critical access hospitals (CAHs).

The “telehealth” POS code (i.e., “02”) would not be used by an originating site that can bill a facility fee (i.e., Q3014), instead the originating site would continue to use the POS code that applies to the type of facility where the patient is located. Under these circumstances, a CMHC would bill POS 53 (CMHC).

CMHCs billing for services under the CMHC provider category will not have payments cut back for the SoS differential, in cases where the service is provided at POS 02 (Telehealth). Consistent with the immediately preceding paragraph, the “distant” provider would bill POS 02 for the telehealth service and the CMHC would bill POS 53. In these cases, under Medicaid, there is no separate facility bill to account for the overhead, and therefore no SoS cut would be taken, consistent with the intent of this policy.

Additional Note Regarding Telehealth Services

Pursuant to 2015 Iowa Acts, Chapter 137, Division V, Section 12, Subsection 23, the department was directed by the Legislature to adopt administrative rules to formally provide coverage of telehealth services under the Iowa Medicaid program. This legislative mandate specified that such rules must provide that an “in-person contact between a health care professional and a patient is not required as a prerequisite for payment for services appropriately provided through telehealth, in accordance with generally accepted health care practices and standards prevailing in the applicable professional community at the time the services are provided”. Additionally, this 2015 legislative mandate also specified that “...services provided through in-person consultations or through telehealth shall be treated as equivalent services for the purposes of reimbursement.”

Consistent with the requirements under this legislative mandate, the department promulgated the following administrative rule:

441—78.55(249A) Services rendered via telehealth. An in-person contact between a health care professional and a patient is not required as a prerequisite for payment for otherwise-covered services appropriately provided through telehealth in accordance with generally accepted health care practices and standards prevailing in the applicable professional community at the time the services are provided, as well as being in accordance with provisions under rule 653—13.11(147,148,272C). Health care services provided through in-person consultations or through telehealth shall be treated as equivalent services for the purposes of reimbursement. This rule is intended to implement Iowa Code section 249A.4 and 2015 Iowa Acts, Senate File 505, division V, section 12(23).
[ARC 2166C, IAB 9/30/15, effective 11/4/15]

Based on this rule, there is no additional payment for the telehealth components of service, associated with the underlying service being rendered. Payment for a service rendered via telehealth is the same as payment made for that service when rendered in a face-to-face (i.e., in-person) setting.

The IME appreciates your continued partnership as we work to improve the claim processing service quality and accuracy. If you have questions, please contact the IME Provider Services Unit at 1-800-338-7909 or email at imeproviderservices@dhs.state.ia.us.